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# Oregon

John A. Kitzhaber, M.D., Governor

Department of Environmental Quality  
Northwest Region  
2020 SW Fourth Avenue  
Suite 400  
Portland, OR 97201-4987  
(503) 229-5263 Voice  
TTY (503) 229-5471

May 3, 2002

Mr. Forest Lane  
Lakeside Industries  
P.O. Box 7016  
Issaquah, WA 98027

RE: Independent Cleanup Agreement,  
Lakeside Industries  
4850 NW Front Avenue  
Portland, OR

Dear Mr. Lane:

This letter serves as an agreement between the Oregon Department of Environmental Quality (DEQ) and Red Samm Mining Company, Inc. dba Lakeside Industries (Lakeside) regarding DEQ's review of the investigation and/or cleanup of hazardous substances at the Lakeside property located at 4850 NW Front Avenue in Portland, Oregon.

DEQ agrees to review the Final Report regarding the independent investigation and/or cleanup at the above referenced site.

DEQ requires that persons seeking DEQ Site Specific Technical Consultation or review of the Final Report for independent cleanups provide a minimum deposit of \$1,500 as an advance against costs DEQ will incur. The advance deposit must be in the form of a check payable to DEQ. When you have signed this Agreement to formalize your request, and your deposit has been received by DEQ, an account will be established for the project.

DEQ project costs include direct costs and indirect costs. Direct costs include site-specific expenses and legal costs. Indirect costs are those general management and support costs of the DEQ and of the Land Quality Division (LQD). Indirect costs are those allocable to DEQ oversight of this Agreement which are not charged as direct, site-specific costs. Indirect charges are based on actual costs and are applied as a percentage of direct personal services costs. Site Specific Technical Consultation and review costs include only the reasonable costs recoverable by DEQ under ORS 465.255.

DEQ will provide you with a monthly statement and direct labor summary, samples of which are attached. If project costs exceed the account balance, DEQ will submit to you an invoice for all costs in excess of the advance. If project costs do not exceed the account balance, DEQ will

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Agreement\_ORDEQ\_Letter to LSI 2

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Lakeside Industries, Cost Recovery Agreement  
May 3, 2002

refund within 60 days of the close of the project any amount of the deposit remaining in excess of the actual costs.

Either DEQ or Lakeside may terminate this Agreement by giving 15 days advance written notice to the other. Only those costs incurred or obligated by DEQ before the effective date of any termination of this Agreement are recoverable under this Agreement. Termination of this Agreement will not affect any other right DEQ may have for recovery of costs under any applicable law.

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Lakeside agrees to hold DEQ harmless and indemnify DEQ for any claims (including but not limited to claims of property damage or personal injury) arising from activities of Lakeside reviewed under this Agreement.

This Agreement is not an admission by Lakeside of any liability under ORS 465.255 or any other law, nor is it a waiver of any defense to such liability. This Agreement is not a waiver, release or settlement of any claims DEQ may have against Lakeside or any other person, nor is it a waiver of any enforcement authority DEQ may have with respect to Lakeside or the property.

Upon DEQ's request and as necessary to review your work under this Agreement, Lakeside will provide DEQ with data and records related to investigation and cleanup activities at the property, excluding any privileged documents identified as such by you.

DEQ appreciates your interest in the Voluntary Cleanup Program and the Independent Cleanup Pathway and looks forward to working with you.

Sincerely,



Michael E. Rosen, Manager  
Cleanup & Portland Harbor

Lakeside Industries, Cost Recovery Agreement  
May 3, 2002

If the terms of this Agreement are acceptable to Lakeside, please have it executed by an authorized representative in the space provided below and returned to us.

Accepted and agreed to this 7<sup>th</sup> day of May, 2002

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attachments: Sample Invoice and Direct Labor Summary

DEQ TIME REPORTING - DAILY LOG  
Project Manager: Eric BlischkeProject: GASCO - Portland  
DEQ Accounting#: 358000 TAS ID#: 1900  
For Month of September 2001

DATE	STAFF NAME	PROJECT ACTIVITIES	ACTIVITY HOURS
Sep 04	Rod Struck	Document Review: Review draft DEQ letter	1.0
	Eric Blischke	Document Prep: Finalize Source Control letter	.5
	Michael Anderson	Document Review: Reviewed draft letter for Eric Blischke.	.2
		Daily Total:	1.7
Sep 05	Eric Blischke	Document Prep: Source control letter	.5
		Daily Total:	.5
Sep 07	Eric Blischke	Document Prep: Finalize source control letter	.5
	Kristin Hamilton	Records Management: filing	.5
		Daily Total:	1.0
Sep 10	Rod Struck	Document Review: Review DEQ letter regarding Source Control	.3
		Daily Total:	.3
Sep 27	Rod Struck	Document Review: Review revised GW monitoring plan	.5
		Daily Total:	.5
			4.0

State of Oregon  
Department of Environmental Quality  
**INVOICE**

Site Name: ABC, Inc  
Project No: 10000000  
Authorization:

Invoice Number: HSRAF98-XXXX  
Invoice Date: 12/31/1997

John Q. Public Corporation  
Attn: John  
123 S.W. Bedrock Avenue  
Portland, OR 97200

Payment Due: 1/30/1998

Project Expenditures:

Billing Period  
11/97

Personal Services	\$ 0.00
Attorney General	0.00
Travel	0.00
Services and Supplies	0.00
Contract Payments	0.00
Capital Outlay	0.00
Agency Indirect Cost	0.00
WMCD Indirect Cost	0.00
Cleanup Law Rewrite	0.00

Total Current Charges: \$ 0.00

Previous Balance	Billing Period Expenditures	Interest	Total Balance Due
0.00	0.00	0.00	0.00

----- Cut here and return this portion with payment -----

Remit and make checks payable to:

Check box if your address has changed and  
complete back of invoice: ☐

Dept. of Environmental Quality  
Attn: Business Office  
811 SW Sixth Avenue  
Portland, OR 97204-1390

Site Name: ABC, Inc  
Project No: 10000000

Invoice Number:  
Amount Enclosed:

HSRAF98-XXXX

Current	31-60 Days	61-90 Days	90+ Days	Total Due
0.00	0.00	0.00	0.00	0.00

## State of Oregon Department of Environmental Quality

### Project Expenditures Line Descriptions:

Charges fall into two categories

- Direct Costs—costs incurred specifically in performing project work, and
- Indirect costs—this project's share of other costs DEQ incurs to support project work

### Direct Costs of Project Work

**Personal Services:** Charges for DEQ employee work on this project. Includes salaries and wages, employee benefits such as health care, and employer payroll taxes. Rates charged are based on compensation paid to each employee who works on the project. Hourly rates are not "loaded"; instead, all overhead costs are assessed through indirect rates.

**Attorney General:** Charges made by Oregon's Department of Justice for legal services rendered in connection with the project.

**Travel:** Travel to the site or other travel needed to complete the project. Payments are made in accordance with State travel rules and include items such as motor pool car usage and meals and lodging.

**Services & Supplies:** Miscellaneous expenses such as photographic supplies and processing, postage and public notices.

**Contract Payments:** Charges for work performed on a contractual basis, such as laboratory analysis.

### Indirect Costs

Indirect costs are assessed as a percent of Personal Services charges. Typical charges, including all indirect assessments, range from \$85 to \$120 an hour, depending on the employee's compensation rate.

**Agency Indirect Cost:** Cost of centralized DEQ services, such as accounting, information systems, budgeting and human resources. The rate is reviewed and approved annually by the Federal government.

**WPM Indirect Cost:** Costs incurred by the Waste Prevention and Management programs (WPM) to support project work, such as:

- Office space, office supplies and equipment
- Supplies and equipment used in site investigation and other field activities
- Non-Site-specific activities of project personnel, such as training or administrative activities
- Support functions, including clerical, computer network support, time accounting and invoicing system operation and maintenance and grant administration
- Supervision and other management activities
- Development of technical guidance and policies

The rate is re-evaluated annually to reflect current costs.

More information on WPM's Indirect Rate can be found in the DEQ publication "Recovering Our Costs." The fact sheet is available on DEQ's website ([www.deq.state.or.us/wpm/cleanup/costrcov.htm](http://www.deq.state.or.us/wpm/cleanup/costrcov.htm)) or by calling one of the numbers listed below.

**Cleanup Rule Rewrite:** A temporary charge assessed on some types of projects to pay for the change in administrative rules governing cleanups mandated by the 1995 Oregon Legislature. The charge (12% of personal services), will be discontinued when the costs have recouped, which is estimated to occur by the end of 2000.

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For billing questions, call:                      Hazardous Waste Program:                      (503) 229-6968  
   Cleanup and all others:                      (503) 229-5812  
   Or Toll Free: 1-800-452-4011                      TTY: (503) 229-6993

Change of address:  
Organization Name: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_